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Kitzhaber touts education, health care in State of the State

Portland Business Journal by Andy Giegerich , Business Journal staff writer

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Oregon Gov. [John Kitzhaber](#)'s 2012 State of the State address featured many ideas that, while not new, aptly reflect his administration's goals.

Primarily, Kitzhaber continued to call for reforms in the state's education and health care systems.

"All of our job creation and economic development strategies will be futile in the long run unless we are successful in transforming our system of public education and our health care system," Kitzhaber said during the Friday speech.

Kitzhaber spoke to the City Club of Portland at the downtown Governor Hotel. About 700 people attended. Most gave Kitzhaber, elected to his third term in November 2010 (he also served as governor between 1995 and 2003) a standing ovation at the start and end of his speech.

Kitzhaber's comments were delivered as he and state lawmakers prepare to address as much as \$300 million in cuts. The state will likely need to slash programs and positions in the coming year, Kitzhaber said.

That doesn't mean the state should stop investing in education, according to the governor. One of two marquee education proposals Kitzhaber will soon unveil would manage children's academic progress from early childhood through college. Kitzhaber wants to establish "compacts" that aim to ensure that 100 percent of students will graduate from high school, 80 percent of those will receive at least two years of post-secondary education or training, and 40 percent will earn a bachelor's degree or higher.

"Currently, we spend over \$800 million every biennium on programs for children ages 0-5, yet 40 percent of our children still arrive at school at risk because their needs were not adequately addressed," Kitzhaber said. "Continuing to support a system with these outcomes should no longer be acceptable to any of us."

Kitzhaber's other major education proposal would seek a waiver that allows Oregon to opt out of the federal No Child Left Behind Program.

The governor also noted that a state board continues to craft rules for a new health insurance exchange. The exchange would aggregate health plan information that makes it easier for purchasers to compare terms and costs. Oregon is one of the first states to implement an exchange as required by President Obama's health reform plan.

Kitzhaber further touted his "Coordinated Care Organizations" idea that asks health care professionals to focus on prevention, early intervention and management of chronic conditions. The plan, he said, would save \$3 billion.

He added that he'll ask the legislature to expand measures passed last year that tentatively established his community care organizations.

Oregon's legislature will meet for a short session starting Feb. 1.

In addition to education and health care, Kitzhaber also mentioned, but didn't detail, the state's need to:

- Establish a revenue system that can weather the state's jagged economic cycles.
- Adopt a ten-year energy plan.
- Improve the state's public safety programs.
- Develop a new timber management policy.
- Redesign Oregon's budget "to align public investments with specific outcomes."

He also addressed the state's tax system, which he called dysfunctional during a post-speech question-and-answer session.

"There have been wildly unsuccessful efforts to change the tax system, and more people understand that there is a direct relationship" between the state's recession-linked issues and its revenue collection system, he said.

"We need to get people on opposite sides of the table of the measure(s) 66 and 67 debate in the same room. We can't solve our tax problems with all these moving parts."

Andy Giegerich covers government, law, health care and sports business.